

FISCAL NOTE

HB 932 - SB 1299

March 19, 2007

SUMMARY OF BILL: Requires that the percentage increase of tuition at any state public institution of higher education shall not exceed the percentage increase in the consumer price index (CPI) as published by the U. S. Bureau of Labor Statistics.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$30,909,800

Assumptions:

- Preventing higher education institutions from raising tuition and fees above the CPI would result in such funds being replaced with state appropriations.
- Tuition ranged from 4.6% to 13% during FY2005 – FY2007 for the University of Tennessee (UT) system and from 4.0% to 10% for the Tennessee Board of Regents (TBR) system.
- The Consumer Price Index (CPI based on a three-year average 2004-2006) was 3.09%.
- The average tuition increase from the past three years was 7.72% at UT and 7.00% at TBR.
- Based on a CPI of 3.09% the shortfall would be 4.63% at UT and 3.91% at TBR.
- The average 1% tuition/fee increase equates to \$2,197,296 at UT and \$5,303,400 at TBR.
- The increase in cost to UT is estimated to be \$10,173,500 (\$2,197,296 x 4.63) and \$20,736,294 (\$5,303,400 x 3.91) at TBR.
- Only applies to mandatory tuition and maintenance fees.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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